RANK
36

MICHIGAN

SUMMARY

On the basis of its solvency in five separate categories, Michigan is ranked 36th among the US states for its fiscal health. On short-run basis, Michigan has between 1.01 and 2.28 times the cash needed to cover short-term obligations. Revenues exceed expenses by 2 percent, and net position improved by $138 per capita in FY 2015. On a long-run basis, Michigan has a net asset ratio of −0.08. Long-term liabilities are 43 percent of total assets. Total primary government debt is $7.1 billion, or 1.7 percent of state personal income; this is among the lowest in the states. Unfunded pension obligations, on a guaranteed-to-be-paid basis, are $147.04 billion, or 35 percent of state personal income. OPEB is 5 percent of state personal income.

2015 TOTAL LONG-TERM OBLIGATIONS

STATE DEBT

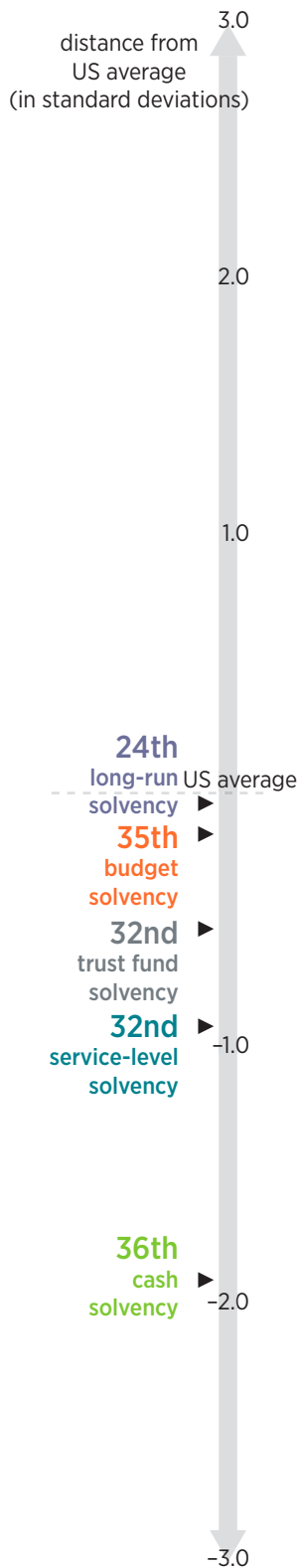|	General obligation bonds	Total primary government debt	State personal income	Ratio of debt to state personal income	Total primary debt per capita
Michigan	**$1.73 billion**	**$7.10 billion**	**$421.04 billion**	**1.7%**	**$715**
National average	$6.09 billion	$12.71 billion	$305.43 billion	3.7%	$1,804

PENSION LIABILITY

	Unfunded pension liability	Funded ratio	Market value of unfunded liability	Market value of funded liability ratio
Michigan	**$36.00 billion**	**62%**	**$147.04 billion**	**29%**
National average	$20.62 billion	74%	$105.50 billion	36%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	Total unfunded OPEB	Funded ratio
Michigan	**$19.60 billion**	**17%**
National average	$12.97 billion	12%

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3.0

2.0

1.0

24th
long-run US average
solvency ▶

35th ▶
budget
solvency

32nd ▶
trust fund
solvency

32nd ▶
service-level −1.0
solvency

36th ▶
cash
solvency −2.0

−3.0

UNDERLYING RATIOS

	Cash ratio	Quick ratio	Current ratio	Operating ratio	Surplus (or deficit) per capita	Net asset ratio	Long-term liability ratio	Long-term liability per capita
Michigan	1.01	1.71	2.28	1.02	$138	−0.08	0.43	$1,790
National average	2.68	3.66	3.93	1.04	$150	0.17	0.61	$4,272

	Tax-to-income ratio	Revenue-to-income ratio	Expenses-to-income ratio	Pension-to-income ratio	OPEB-to-income ratio
Michigan	0.06	0.13	0.13	0.35	0.05
National average	0.06	0.13	0.13	0.35	0.04

KEY TERMS

- **Cash solvency** measures whether a state has enough cash to cover its short-term bills, which include accounts payable, vouchers, warrants, and short-term debt. (Michigan ranks 36th.)

- **Budget solvency** measures whether a state can cover its fiscal year spending using current revenues. Did it run a shortfall during the year? (Michigan ranks 35th.)

- **Long-run solvency** measures whether a state has a hedge against large long-term liabilities. Are enough assets available to cushion the state from potential shocks or long-term fiscal risks? (Michigan ranks 24th.)

- **Service-level solvency** measures how high taxes, revenues, and spending are when compared to state personal income. Do states have enough "fiscal slack"? If spending commitments demand more revenues, are states in a good position to increase taxes without harming the economy? Is spending high or low relative to the tax base? (Michigan ranks 32nd.)

- **Trust fund solvency** measures how much debt a state has. How large are unfunded pension liabilities and OPEB liabilities compared to the state personal income? (Michigan ranks 32nd.)

For a complete explanation of the methodology used to calculate Michigan's fiscal health rankings, see Eileen Norcross and Olivia Gonzalez, "Ranking the States by Fiscal Condition," 2017 ed. (Mercatus Research, Mercatus Center at George Mason University, Arlington, VA, July 2017).